

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

STARRED QUESTION NO. *282

TO BE ANSWERED ON Friday, August 5, 2016/Shravana 14, 1938 (Saka)

Irregularities in Health Insurance

QUESTION

*282. DR. UDIT RAJ:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of irregularities committed by some private and public sector insurance companies selling unapproved health insurance plans and also collecting premiums, in the recent past and if so, the details thereof, insurance company-wise;
- (b) whether the Government has conducted any investigation in the matter and if so, the details thereof;
- (c) whether the Government/ IRDA has taken any action against such erring companies/officials of IRDA and if so, the details thereof; and
- (d) the steps taken by the Government in the matter, including refund of collected premiums?

ANSWER

THE FINANCE MINISTER
(SHRI ARUN JAITLEY)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) to (d) OF LOK SABHA STARRED QUESTION NO. *282 FOR 5th AUGUST, 2016 REGARDING “Irregularities in Health Insurance” TABLED BY DR. UDIT RAJ, M.P.

(a) to (d): Insurance Regulatory and Development Authority of India (IRDAI) as a sector regulator is mandated to regulate the public and private sector insurance companies and is empowered to take action and impose penalties as per the Insurance Act, 1938. The details of action taken and penalties imposed on insurance companies during the recent past are as per **Annexure**.

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Annexure

List of violations of Health Insurance Regulations (HIR), Circulars and File and Use Guidelines:

SI No.	Insurer	Name of Product	Date observed by IRDAI	Remarks
1	New India Assurance Co. Ltd.	Medicclaim Policy 1996	Offsite Review April, 2015	Medicclaim Insurance Policy 1996 was marketed without filing on certification basis despite Authority informing the insurer that the product is deemed withdrawn. This is in violation of File and Use guidelines and the Insurer was warned. Further as the Insurer did not file the product in the manner envisaged under IRDA (Health Insurance) Regulations, 2013. A penalty of Rs 5 lacs was levied.
2	Bharathi AXA General Insurance Co Ltd	Basic Smart Health	During onsite inspection July, 2014	Basic Smart Health Policy did not mention any recovery proportionate to room rent. However, recovery of proportionate charges was made from Claims. Authority levied a penalty of Rs 5 lacs for this violation.
3	Bajaj Allianz Gen Insurance Co. Ltd.	1. Comprehensive Trip Protection – Domestic 2. Comprehensive Trip Protection - International	During onsite Inspection 23rd May, 2014	Insurer was cautioned for not complying with File and Use Guidelines.

4	United India Insurance Co. Ltd.	Group Personal Accident (GPA) policy issued to Maharashtra State Forest Employees Welfare Fund	Onsite Inspection August, 2013	GPA policy issued to Maharashtra State Forest Employees Welfare Fund with policy not approved by the Authority. A penalty of Rs 5 lakhs was levied.
5	Future Generali Insurance co ltd.	a) Group health Insurance policy	During onsite inspection Aug 2013	a) Group Health Insurance policy: The insurer did not confirm the existence of group before issuing the group policy and made payments to various master policy holders in the name of support service charges. A penalty of Rs.5 lakhs was levied.
		b) Critical illness cover under Group health insurance policy.	During onsite inspection Aug 2013	b)Critical illness cover under Group health insurance policy : The terms and conditions were not as per the product filed with IRDAI under File and Use guidelines. A penalty of Rs.5 lakhs was levied.
		c) Janata Personal Accident product.	During onsite inspection Aug 2013	c) Insurer was advised to adhere to all relevant regulations while settling health insurance claims
6	L & T General Insurance Co. Ltd.	Policies issued to Non Employer – Employee Groups	During onsite Inspection July 2013	Premiums collected from Non Employer – Employee Groups is in violation of norms. A penalty Rs 5 lacs was levied.
7	Shriram Gen Insurance Co.	Group Personal Accident Policies	Onsite Inspection Feb / Mar 2013	Group Personal Accident Policies – Allowed more than stipulated Group / underwriting discount to its Associate / Group Companies. A penalty of Rs 5 lacs was levied.
		Group JPA policy	Onsite Inspection Feb / Mar 2013	For violation of File and Use Guidelines and considering the submissions of Insurer, Insurer was warned.
8	Max Bupa Health Insurance Co. Ltd.	Heart Beat	During onsite Inspection Dec 2012	The insurer sold new version of the product before its clearance i.e. 26.11.2011 and had been offering old version of the product, even after approval of new version of products.

				The Authority imposed a penalty of Rs.5 lakh for violating Authority's File and Use guidelines.
		Health Companion Health Insurance Plan	During onsite Inspection Dec 2012	Advisory issued to Insurer for violation of File and Use Guidelines
9	United India Insurance Co. Ltd.	Group Tailor Made Health Insurance Policy	During onsite Inspection February, 2012	Insurer was advised to comply with File and Use Guidelines.
10	New India Assurance Co. Ltd.	Group Health Products	During onsite inspection Feb 2011	Insurer was advised to comply with File and Use Guidelines.
11	Cholamandalam MS General Insurance Co. Ltd.	Health Top-up	During onsite Inspection December, 2010	Insurer advised not to market products without prior approval of Authority.
12	ICICI Lombard Gen Insurance Co. Lt d.	Critical Care	Onsite Inspection August, 2010	Inconsistencies observed in respect of Definitions / Wordings etc. of Product Critical Care. Violation of File and Use Guidelines – A penalty of Rs 5 lakhs was levied.
13	Reliance General Insurance Company Limited	Reliance Health-Wise	January 2008	The Authority in April, 2009 issued a Show Cause Notice to the Insurer for marketing an unapproved product viz. Reliance Health-Wise and also for increasing premium without prior approval of the Authority. A penalty of Rs. 20.00 lakh (Rupees Twenty Lakh) was levied in July 2009. Further, cheques totalling Rupees 34.91 crore including an interest of Rs. 15.21 crore, on account of excess premium collected, were issued to about 2.77 lakh policy holders. Out of this, cheques totalling Rs. 21.95 crore have been encashed.

